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Evaluation of the Social Impact of Three Case Companies

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Abstract

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Finland ranks third on the Sustainable Development Report 2019 and more than half of the Finnish large companies have adopted United Nations Sustainable Development Goals (SDGs) in their daily work according to the FIBS' annual sustainability survey. At the same time small and middle size business, which is the majority of Finnish companies, are not overwhelmed in incorporating SDGs in their activities. Companies are struggling with finding high-quality employees, and employees are looking for meaning and purpose in their work.

The study evaluated how two Finnish companies and one internationally owned company manages sustainability in their business and particularly the social impact they intend to make in the international business environment. The thesis has two main parts: literature review and empirical research. The first section of the thesis analyzed the literature on sustainable business and corporate social responsibility (CSR) including ideas from various researchers how a company could transform from "business as usual" to sustainable business. The empirical work investigates the activities on sustainability and social impact of the three companies based on the sustainability reports, on-line documents, web sites and data from researches on the subject.

Analysis of the data revealed that sustainability is taken seriously and several activities for making social impact in the communities were performed. There is always room for improvement in the transparency and open communication, especially when sustainability becomes more popular among consumers. Sustainability is a time and resources consuming process and it has a significant impact on the future success of the businesses.

Keywords: sustainability, sustainable business, SDGs, social impact, societal impact human rights, sustainable human resources management

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1 Introduction

Consumers, currently, have a strong interest in sustainability, and that is why the goal of this thesis is to better understand if Finnish companies contribute to the social wellbeing in their business environment outside Finland. Are Finnish companies contributing to the common good in other countries where they import, export or produce goods, or are they only enjoying the benefits of possible lower expenses and easy access to raw materials and work force? It is good to remember, that business with countries, where the freedom of citizens is jeopardized, cannot be sustainable (Freedom house, 2019).

Finland has been ranked as the happiest country in the world several times (Helliwell, et al., 2019) and it is interesting to see if companies in this research contribute to the wellbeing of external stakeholders through social impact. This thesis discusses how the CSR has developed in Finland in the early stages of industrialization, and how it is performed today.

As the FIBS (2018) research showed the middle size and large companies in Finland consider interest in the international business environment less interesting than internal sustainability. However, sustainability and CSR are emerging concepts, and the importance of covering all aspects of the CSR is yet unforeseen.

The processes of how the company reaches the level of sustainability they have chosen, and which tools they are using for that is analyzed. The main area of interest is social impact through the sustainability measures concentrating on Human Resources Management (HRM) decisions and activities.

The objective of this thesis is to investigate how companies process and manage their social impact on their international business environment. Social impact is often understood to cover the positive social impact made in one's own society and internally in the company, but in this thesis, the concept is stretched to reach stakeholders and communities overseas and those communities.

The thesis will investigate the processes companies have undergone for making a social impact with the emphasis on the human resources management (HRM)

perspective, which is rather understudied particularly with the connection with corporate social responsibility (CSR) (Ehnert, 2009). However, many factors of the CSR are related to HRM and people (Jamali, et al., 2015).

1.1 Background

Today we are experiencing the fourth industrial revolution, which is driven by unprecedented changes through new technologies. The primary goal in making a profit is simply not enough anymore for the success and this drives businesses to renew. However, there are plenty of companies introducing themselves as sustainable and caring for the environment and communities, but at the same time, the study of the state of the planet shows different. (Deloitte, 2019, Dyllick & Muff, 2015.)

We are almost smothered of the amount of the news saying that the planet is not doing very well and in the future things are not going to improve if we do not take actions today. It is said that sustainability has become a new mantra on the 21st century (Ehnert, p. 4, 2009), but combining profitability of the business with the positive social impact, sustainability and impact through partnerships is complex, multi-layered and difficult to achieve. (Deloitte, 2019, Dyllick & Muff, 2015)

Do no harm – is a generally well-known principle in the responsible business. Attitude towards sustainable business has changed during the decades and in recent years it has reached huge popularity among customers and businesses. The traditional narrative that sustainability affects negatively to profits has been proofed wrong, and based on several studies, sustainability has clear and positive impact on the business' profitability. (Deloitte, 2018.)

Benefits for the businesses with “do good” principle are inevitable. Successful companies have managed to find new revenue streams and they have created socially driven products, summarises Deloitte's report, (2018) based on the Forbes yearly research among 2400 business leaders. Successful leaders seem to be committed to “doing good”, they have a clear vision of the future, and they take the lead on workforce development and long-term investment in technology. Sustainable business is experienced positively by the employees, customers, and the markets. (Deloitte, 2018)

Similar positive attitude towards sustainable business was seen in the yearly survey conducted by FIBS (2018) including the executives, sustainability managers or directors of Finland's TOP 1000 middle size and large companies. Finnish companies sympathise with the importance of sustainable development and consider it as one of the success factors for the company in the future. Large companies in Finland see that the benefits gained through sustainable business outweigh used resources. Ensuring the sustainability of own business is seen most important and at the same time, Finnish middle size and large companies seem to have less interest in having positive or any impact on the international business environment. (FIBS, 2018)

Finnish middle size and large companies understand the benefits of CSR for the business, but at the same time, they deny access to the executive board for the sustainability managers. The biggest challenge was the integration of sustainability in the company and business and how to measure and monitor it. (FIBS, 2018)

1.2 Development of the sustainability in international business

Social interest in sustainability has developed first through environmental accidents and pollution from production or use of products and extraction of resources (Kolk, 2016). The timeline is described in the table 1. The unfortunate and usually environmentally destructive accidents have raised the interest of concepts and rules for businesses.

Year(s)	Incidents and events
1950s	Effects of decades of mercury dumping in Minamata Bay (Japan) by Chisso Corporation start to transpire
1961	UN general assembly announces first development decade
1962	US publication of 'Silent Spring' book, targeting pesticides, especially DDT, and the chemical industry
1969	Union Oil Company oil spill in Santa Barbara (US)
1972	Publication of 'Limits to growth' report by Club of Rome (group of managers, scientists and policy-makers)
1976	ICMESA factory dioxin leak in Seveso (Italy)
1978	Amoco Cadiz oil spill (France)
1979	Nuclear plant accident, Three Mile Island, in Harrisburg (US)
1980s	Soil and river pollution scandals in many countries
1984	Union Carbide factory incident in Bhopal (India)
1986	Nuclear reactor explosion, Chernobyl (Ukraine, then part of Soviet Union)
1986	Sandoz factory Rhine pollution (Switzerland)
1987	Publication of 'Our Common Future' (Brundtland report) (UN-convened group of politicians and scientists)
Late 1980s	Growing number of child labor and sweatshop scandals involving apparel and footwear companies
Late 1980s	Mounting public awareness of global environmental issues (global warming, deforestation, ozone layer)
1989	Exxon Valdez oil spill, Alaska (US)

Table 1. Key historical incidents and developments in the sustainability of international business (Kolk, 2016)

The next decade brought Agenda 21, which was adopted by 178 countries in the Earth Summit in Rio de Janeiro, Brazil. UN member states unanimously adopted the Millennium summit on 2000 with elaboration of eight Millennium Development Goals (MDGs). Later the MDGs were expanded to 17 goals and 2030 Agenda on 2015. These 17 goals target to eradication of extreme poverty from the world and at promoting wellbeing in environmentally sustainable manner. The 2030 Agenda and the SDGs apply to all countries of the world. Local governments, private sector, civil society and citizens carry responsibilities in their decisions and actions, while the states have primary responsibility in the implementation of the 2030 Agenda. The 2030 Agenda includes 17 different goals, that are to be met by 2030. Finland is committed to reaching them both at home and in its international cooperation. (UN Global Compact, 2019; Ministry of Foreign Affairs in Finland, 2019)

1.3 United Nations Global Compact

Since 1972 the UN has been a central actor in developing sustainability in the world. The first structure for sustainable development was established in 1982 The World Commission on Environment and Development (WCED) and the grounds for the Corporate Social Responsibility (CSR) was laid in 1987 when the WCED committed for seeking ways for balance between planet limits and human enterprise. (Awan, pp. 34-35, 2019.)

Today the UN Global Compact is the largest initiative on corporate sustainability with more than 160 countries supporting its ten principals on which the Global Compact is built on. The initiative is to mobilize a global movement of sustainable companies and stakeholders to make a change in people through human rights, labour standards, the environment and anti corruption. The Global Compact can be adopted by companies in any size all over the world. (UN Global Compact, 2019.)

The UN Global Compact supports companies to do business responsibly, but also encourages them to take strategic actions for the broader social goals (the UN Sustainable Development Goals, SDGs) with emphasis on collaboration and innovation. SDGs were adopted by world leaders and came into force on 1 January 2016 in an UN Summit. The SDGs are introduced in the figure 1. (UN Global Compact, 2019.)

SDGs are a practical and easily adoptable set of goals for businesses to be sustainable outlining new growing markets and business opportunities through innovative solutions and transformative change. The governments have already agreed on these goals and now is the turn of the businesses take actions too. Firms and society complement each other and should act jointly (Aguilera-Caracuel, et al., 2017.). In order to flourish, the SDGs rely heavily on action and collaboration by all actors, including businesses. (UN Global Compact, 2019)



Figure 1. Sustainable Development Goals (UN Global Compact, 2019)

Those companies, who stubbornly object fundamental change for transforming for sustainable business, may in the future be exposed to reputational or legal risks, while those who align their priorities with the SDGs can find new business opportunities, new markets and have engaged employees and stakeholders also in the future (UN Global Compact, 2019).

Fortunately, the large Finnish companies have increased interest for the SDGs and the targets are increasingly taken into account in the operations of large Finnish companies, whereas small and mediumsize companies should be encouraged to cogitate carefully their stance (FIBS, 2018). Large companies or multinational enterprises (MNEs) obviously are more visible actors in the societies. Greater visibility can motivate these companies to be more involved in the social issues, as well as in the environmental integrity, and by acting so they build stronger positioning in the society (Aguilera-Caracuel, et al., 2017).

1.4 Key Concepts

Sustainable development as an umbrella concept includes wide range of terms, which sometimes are understood differently. For instance, sustainable business is often referred to mean internal processes, or changes in the practices, more than overall influence on stakeholders and communities. Similarly, terms social impact and societal impact is often mixed. In this thesis the term social impact is

used to mean the positive impact company makes in the communities. The table 2 describes the key concepts.

Concept	Meaning	Acronym
Corporate Citizenship	"Corporate citizenship involves the social responsibility of businesses and the extent to which they meet legal, ethical, and economic responsibilities, as established by shareholders..." (Investopedia)	CC
Corporate Sustainable Responsibility	"In Finland CSR refers to responsibility of the society and is covering the corporations but also governmental and non-governmental organizations (NGOs). This concept is not limited only to businesses, but to have an assumption that businesses are in active interaction with the public sector and civil society." (Olkkonen & Quarshie, 2019, p 4). "CSR is the responsibility of enterprises for their impact on society and, therefore, it should be company led." (European Commission, 2011)	CSR
Social impact	"The ability of a community to develop processes and structures which not only meet the needs of its current members but also support the ability of future generations to maintain a healthy community." (Business dictionary).	
Societal impact	"The effect of an activity on the social fabric of the community and well-being of the individuals and families." (Business dictionary).	
Stakeholder	"...any individual or group who can affect or is affected by actions, decisions, policies, practices or goals of an organization" (Freeman, 1984)	
Sustainability	Several slightly different concepts in sustainability in the literature. See table 3	
Sustainable Development	"Development that meets the needs of the present without compromising the ability of future generation to meet their own needs." (WCED, 1987: 43)	
Sustainable Development Goals	A global political agreement signed by 193 countries on 2015. SDGs are tools for the businesses to seek guidance in the investments, innovations and new business opportunities.	SDGs
Sustainable Human Resources Management	Socially responsible HRM, Green HRM, Triple Bottomline HRM, Common Good HRM	SHRM

Table 2. Key concepts of sustainability and sustainable development

Ehnert and Wes (2012) present an overview of definitions of sustainability collected from the literature. Table 3 demonstrates that based on the literature evaluated for the table, the main principle of the concept of sustainability is that it has a target in the future, regenerating the sources we have today for use of future generations without compromising or exploiting people or nature.

Reference	Sustainability definition	Rationale
Dyllick & Hockerts (2002: 131)	Corporate sustainability is "defined as meeting the needs of a firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc.), without compromising its ability to meet the needs of future stakeholders as well."	Grow corporate economic, social and environmental capital base; understand organizational success as the 'triple bottom line' (Elkington, 1994)
Boudreau & Ramstad (2005: 129)	"achieving success today without compromising the needs of the future"	Grow human capital; understand organizational success beyond the financial bottom line
Costanza, Daly, & Bartholomew, (1991: 8), cited from Gladwin et al., (1995: 877)	"Sustainability is a relationship between dynamic human economic systems and larger dynamic, but normally slower-changing ecological systems, in which (a) human life can continue indefinitely, (b) human individuals can flourish, and (c) human cultures can develop; but in which effects of human activities remain within bounds, so as not to destroy the diversity, complexity, and function of the ecological life support system."	Functional systems view; maintaining the ecological life support systems; no socio-economic systems without eco-systems.
Docherty et al. (2002: 12)	"Sustainability – as we understand it - encompasses three levels: the individual, the organizational and the societal. Sustainability at one level cannot be built on the exploitation of the others. These levels are intimately related to the organization's key stakeholders: personnel, customers, owners and society. [...] A prerequisite for sustainability at the system level (individual, organizational or societal) is to achieve a balance between stakeholders' needs and goals at different levels simultaneously."	Multi-level construct and interdependencies between different levels; focus on human resource regeneration, development.
Ehnert (2009a) based on Müller-Christ & Remer (1999)	Sustainability = Resource consumption/Resource regeneration \geq 1 (Sustainability is the balance of resource consumption and resource regeneration)	Functional (eco-) systems view. Focus on human resource regeneration, development and on maintaining the resource base and relationships (substance) inside and outside the organization.

Table 3. Sustainability definitions (examples) (Ehnert & Wes, 2012)

2 Objective of the research

2.1 Research problem and research questions

Less than half of Finnish companies are interested in their overall impact on the international business environment (FIBS, 2018). Even if companies have incorporated CSR in their activities in Finland, they seem not to have an interest in influencing to the communities of their stakeholders and business partners.

Oy Fazer Ab, S Group and Ovako Oy Ab were selected for the research. Both Fazer and S Group rank top four in the annual Sustainable Brand Index (2019) Fazer being the second and S Group with two brands (S-market, Prisma) the third and fourth in Finland. Ovako is well known and has long traditions in Imatra, Finland. Metal industry is sensitive for economical turbulence and changes, and that is why this company was included in this thesis.

Within the framework of this thesis, the key objective is to evaluate how Fazer, S Group and Ovako manage their sustainability and CSR and what kind of social impact they intend to make globally. The research problem is to understand how sustainability and CSR measures result in social impact.

For finding out how Finnish companies will contribute to social impact not only in Finland but internationally. This is done by looking into the processes they have developed for this contribution. This study will try to clarify how these three businesses are incorporating sustainability in their strategies, and in more detail if they have a social impact in the society and community they are operating. The focus of the research will remain on sustainable HRM decisions, and the effect on the subcontractor's activities, and further on their influence on society. Research questions will direct the thesis from a broader entity and narrowing down to the HRM decisions and processes towards social sustainability and social impact.

Research questions and sub-research questions this thesis addresses are:

RQ1. How social sustainability objectives creates value for the organization in a broader global economy?

RQ2. How sustainability identity is built in the organization?

RQ3. What tools are used to guide the organizational decisions for the transformation of the "business as usual" to sustainable business?

RQ4. What social impact the organization have in the countries they operate?

2.2 Research method

Data collection for qualitative research can include material from several resources targeting to wide perspective for the researcher to approach the phenomenon and themes. Since the phenomenon is not necessarily known, wide range of different data helps to picture the themes better, but it can also hamper the research. The amount and diversity of data is challenging for the qualitative research. (Kananen, 2015 p. 128.)

Documents on the qualitative research may be annual reports, memos, diaries, different illustrations on the organization, job descriptions and statistics. Almost anything, which is relevant for the research and describes history and present status of the situation is acceptable. (Kananen, 2015 p. 158.)

The study will be conducted with the data the company publishes on-line. The research will include also other relevant materials such as reports, or studies made by reliable organizations. In this case such organizations may be Finnwatch, Amnesty International or any other reliable source for introducing wide and as unbiased as possible picture of the activities of these companies.

As explained in the introduction chapter, sustainability has become popular. Companies are trying to create competitive advantage through sustainability, and therefore all communication related to such sensitive and brand connected matter is very carefully considered. For this reason, the research is concentrating on the materials which the company has published and not, for instance, in interviews.

Processes in building the sustainability may be exclusive, specific, complex and multifaceted, and the characteristics of the processes are not necessarily well-known. In this case, the quantitative research would not provide the right type of results, and therefore, the qualitative method was chosen. In this thesis the phenomenon is sustainability and the social impact through CSR activities are examined in the company's international business environment abroad.

The research material will be acquired mainly on-line. This material consists of sustainability reports, press releases and other related material published by the company and respective other organizations. Reports, indexes, surveys, interviews or podcasts from other sources will be used for clarifying the phenomenon in its larger perspective. The amount and diversity of the data will be managed by using excel sheets for organizing the data and for the comparison.

2.3 Theoretical framework and theories

This chapter will concentrate on the theoretical framework and the theories which are connected to the sustainability in the multi-dimensional ecosystem. It is worthy to understand the business well first. The theoretical framework in this thesis

consists of stakeholder, triple-bottom-line theory and complexity theory supplemented with the HRM theories.

The research questions are following the theoretical framework of input, process and output with questions of what, how and what for. The “Input” in this framework will describe the questions what the company should address first for discovering the sustainability identity. The “Process” describes the boundaries that may set limitations and means of how to reach the desired outcome and what organizational actions they must perform and develop. Finally, output and the question “What for” will justify what the main reasons and desired outcomes on the two previous steps are. The framework is illustrated in figure 2.



Figure 2. Theoretical Framework. Adapted and further developed from Dyllick and Muff (2015)

A SME, especially when more small than middle size, is often seen as an independent cell functioning for society and owners influencing in the society as an employer, a taxpayer and an expert in a respective field. The company gives to the society work and well-being in the form of taxes and receives change equity and profit through its activities. A pipeline with input of resources, which are processed in the firm. The outcome or output is then products or services for clients. In the stakeholder theory a “production view”, which is a narrow and simple description of the business, which stakeholders are individuals or groups supplying

resources and or bought the end products or services. (Carroll & Buchholtz, p. 67, 2015.)

The bigger the company is the larger the surroundings of the business are. When the business expands and grows, the ownership of control is shifted away from owners, businesses start to understand their responsibilities towards wider groups of different stakeholders to be successful. The last leap, until today, is resulted from the profound renewal of the “managerial view” emerging towards “stakeholder view”, where the complexity and magnitude of the network of stakeholders are incorporated to the multilateral relationships of the firm. (Carroll & Buchholtz, p. 67, 2015)

The stakeholder theory can be used for to better understand and visualize what is beneficial for the company in its business practices in the constantly changing environment, which is becoming more complex every day. Fassin (2009) points out that the stakeholder theory can be used for the critique of the role and purpose of business as an important tool for transferring ethics to management practise and strategy. (Benn & Bolton, 2011, p. 197.)

In the stakeholder map (see figure 3 below) customers are in the inter-firm level and linked or at least influenced by the business’ HRM decisions. Business can influence those processes to the supply chain, furthermore, to other stakeholders and the community. The three levels of stakeholders are connected to the firm and all of them have a different economic bond to it. Internal and inter-firm levels are the supply chain. With them, the firm has a stronger economic bond, and with the external level, the economic bond is weak (see figure 2). Social issues in business in general focus on human safety and welfare, community development and protection from harm. To manage the supply chain the firm must handle all levels of stakeholders described in the stakeholder map (figure 3). (Klassen & Vereecke, 2012)

The evolving stakeholder map of a company is illustrated in the figure 3. The stakeholders of a company form an internal coalition on internal level, which is interconnected with the external coalition i.e. external level and to the corporate

culture. Internal coalition (internal level) is the core of the company; the owners, managers and employees. On the Inter-Firm level, there are customers and suppliers connected with the firm and which are considered as an integral part of the company, yet not belonging to the internal coalition. The external coalition represents the external counterparts, government, financiers and for example the media. Crucial connection to the inter-firm level illustrates the stakeholders operating closely with the internal level and which the company should also try to manage or control. External stakeholder level reaches out to local communities, future generations and, for instance, political groups. The business is constantly monitored and criticized by all the stakeholders and it must substantiate the existence and as a responsible member of this ecosystem continuously. (Carroll & Buchholtz, 2015; Benn & Bolton, 2011; Olkkonen & Quarshie, 2019)

Figure 3, the evolving stakeholder map, exemplifies the expansion of the stakeholder models from production to managerial to multilateral and to sustainable concepts of stakeholder groups. (Benn & Bolton, 2011.)

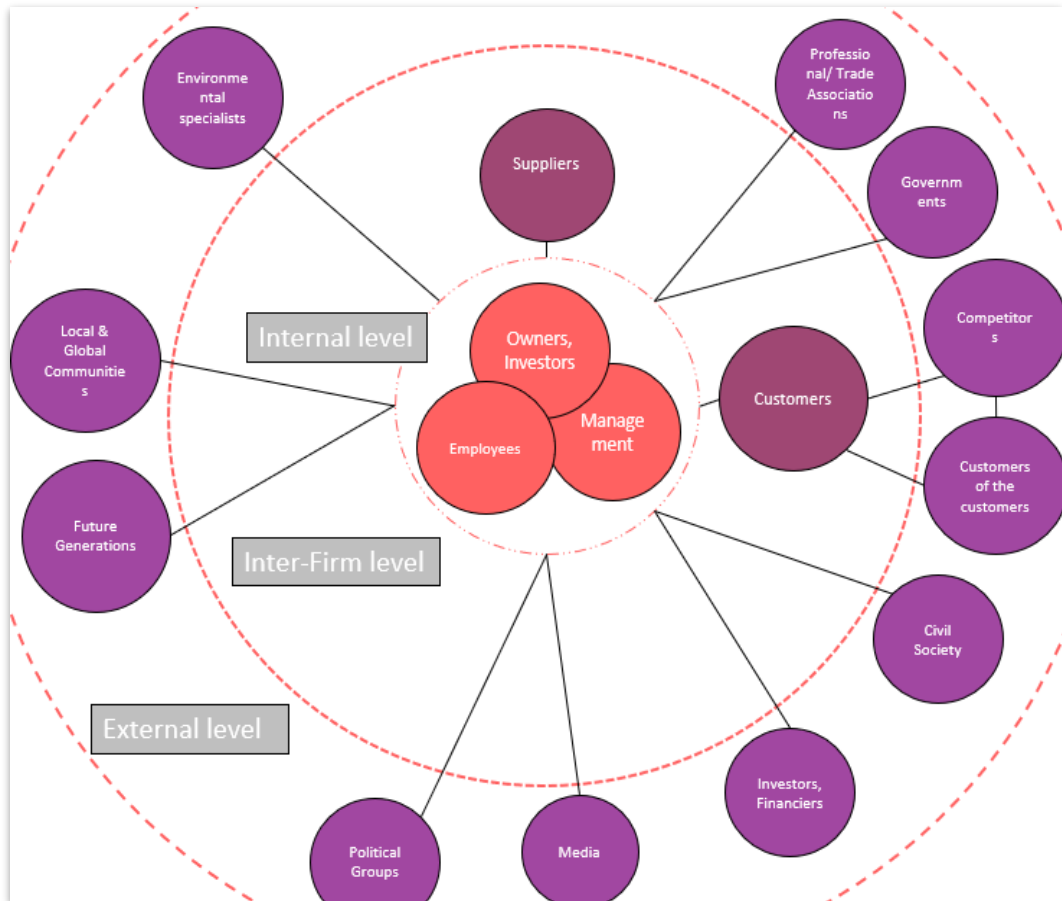


Figure 3. Evolving stakeholder map. Re-illustration of Olkkonen and Benn & Bolton, 2011.

In the Elkinton's tree-bottom line model (TBL) illustrated in the figure 4 sustainability is supported by three pillars, which all are in the bottom line. The term "bottom line" refers to accounting and profitability or loss of the organization's income statement (Henriques & Richardson, 2013). Elkinton's model (figure 4) presents that also social and environmental sustainability accompanies economic sustainability in the bottom line. In this model evaluation of the success of the company is not based only on economic success, but how responsible the company is treating the employees and other people, moreover, the environment (Oladipupo, et al., 2014). As can be seen in figure 4 below, one does not exist without the other. All three components overlap and exist simultaneously and influence across the borders to each other.

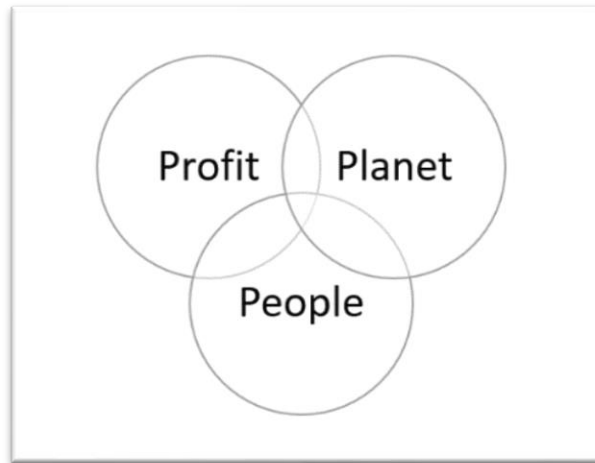


Figure 4. Elkinton's tree-bottom line model,1994 (Benn & Rusinko, 2013)

The triple bottom line brings to the consideration of the social performance of the firm in addition to financial and environmental performance. Social issues are connected to the employees, people of the company, in well-being, workplace safety and social community development. Social practices of the firm are all the management activities targeted to develop and protect the human potential. These activities include workforce policies for safety, diversity and product safety. (Awaysheh & Klassen, 2010.) Hart and Milstein (2003: 66) describe a sustainable company as one that 'produces concurrently economic, social and environmental benefits— known as the three pillars of sustainability' (e.g. Elkington 1997). (Benn & Rusinko, 2013.)

The complexity theory explains the constantly evolving and changing and sometimes chaotic interactions, which are unpredictable and non-linear. This sits very well in the modern business environment which is constantly and rapidly changing. To bring order to chaos, there are some imperative conditions, which the organization must support. Through freedom of self-organization, the local leadership will emerge, and this may bring growth and creativity through the chaos. This is not a static phase, but a continuous process of reorganization. Through the complexity theory, businesses can add their understanding of the requirements of the current management attributes. (Benn & Bolton, p. 40, 2011)

This theory brings order to chaos, by “simple order-generating rules” enabling creativity, growth and self-organization. It clarifies how to manage the uncertainty and complex organizational structures and dynamic networks of a wide range of interactions in a non-static environment. (Benn & Bolton, 2011.)

The HRM theories explain the integrated conception of HRM and the way workers experience the management process and organization culture. HRM is a management discipline and it advocates the importance of the work, companies and societies employment processes in the essence of social resources and institutional regimes. (Boxall et al, 2008.)

2.4 Delimitations of the study

The thesis concentrates on the social sustainability of the sample companies in their export, import or production process and therefore, the processes in the company’s social sustainability in Finland is not included in the study. Internal activities for the sustainability are usually relatively well explained in the materials companies publish. However, the thesis investigates the social impact these three companies perhaps have on the communities in their international operations.

3 Sustainable development and CSR

The following chapters will look at the concept of the social impact first from the wider perspective of sustainable development and corporate social responsibility. The last part of the literature review will investigate the HRM and how the CSR is integrated into it. The thesis introduces two ways of integrating principles of sustainability to the company practices.

3.1 Sustainable development

Sustainable development, generally defined as “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland, Supply chain structure 1247 1987, p. 1) implies that businesses are responsible on a wide range of issues (Awaysheh & Klassen, 2010). Sustainable

development has three dimensions; economic, environmental and social. On a microscale what we, individuals, do and how we behave daily has consequences not only locally, but also in a bigger, global scale. It is obvious that the local and global traces of our actions are connected, and the consequences have an inevitable effect on the wellbeing of all living; people and environment. The results are not immediate, but can take decades to be visible and the one who causes the damage may not see the results. The world has changed rapidly after the digital revolution. The information flow we are daily exposed to is only one reason that it is difficult or impossible to see the effects on people and to the surroundings. (Deloitte, 2018.)

Sustainability as a requirement, is set by the external stakeholders of the company. UN SDGs lists concrete needs and it can be referred to as a “shopping list of the world” what should be done and change. Targets set on the Agenda 2030 brings SDGs closer to businesses for the pressure for the change. Wellbeing and human rights are among those matters, which businesses should scrutinise for future success. (FIBS, 2018.)

Sustainability has turned from a “nice to consider” business trend to paramount. The pressure for more sustainable business is usually external and rises partly from the conscious consumers, who want to influence making the world better with their consumption decisions (Deloitte, 2018). Doing business only for making a profit, as we have used to for decades, has been found sometimes to be fatal to environment and communities. Conscious consumers have forced businesses to follow the traces of their products and activities to harm less the environment and people, and have a positive impact in the world (Dyllick & Muff, 2015). The focus on doing business is changing, and not to only produce profit for the owners, but also to carry their responsibilities for nature and to the communities (Deloitte, 2018).

Some companies take business sustainability very seriously. Business executives highlight the importance of sustainability in their business strategy, nevertheless, the studies show the mismatch in practice. Businesses reach out to sustainability values for multiple reasons. Some businesses tend to do greenwashing

only to look trendy and as an effort to keep up with their competitors. Finally, the business stays as usual and there are no visible results on the business' transformation for more sustainable or effects for the economy, environment or society. It is controversial, that most of the business executives, if not all, say that sustainability management is their priority. (Dyllick & Muff 2015; Deloitte 2019)

3.2 Corporate Social Responsibility (CSR)

It is clear that sustainable development and sustainable business are here to stay. From the late '70s onwards the message from the top management of multinational companies (MNCs) is the same; sustainability in business is important, and in the future even more important (Dyllick & Muff, 2015.). Following the definition of the Commission of the European Union, "CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis." (European Union Commission, 2011). The business is exceeding the legislation requirements voluntarily for carrying out social responsibility. According to Kang (2013), MNCs are more under pressure on developing sustainable business compared to local businesses. This higher pressure stems from the strong interest groups granting the legitimacy and power to act (Aguilera-Caracuel, et al., 2017.)

Transparency and openness for the critics creates trust and builds reputation. Companies should develop working conditions and production conditions together with the local stakeholders and communities, and not rely solely on certifications for the human rights monitoring. (Finnwatch, 2017)

In the figure 5 it is illustrated how the company is linked with its stakeholders and the surrounding society and is exposed to the megatrends in the business environment.

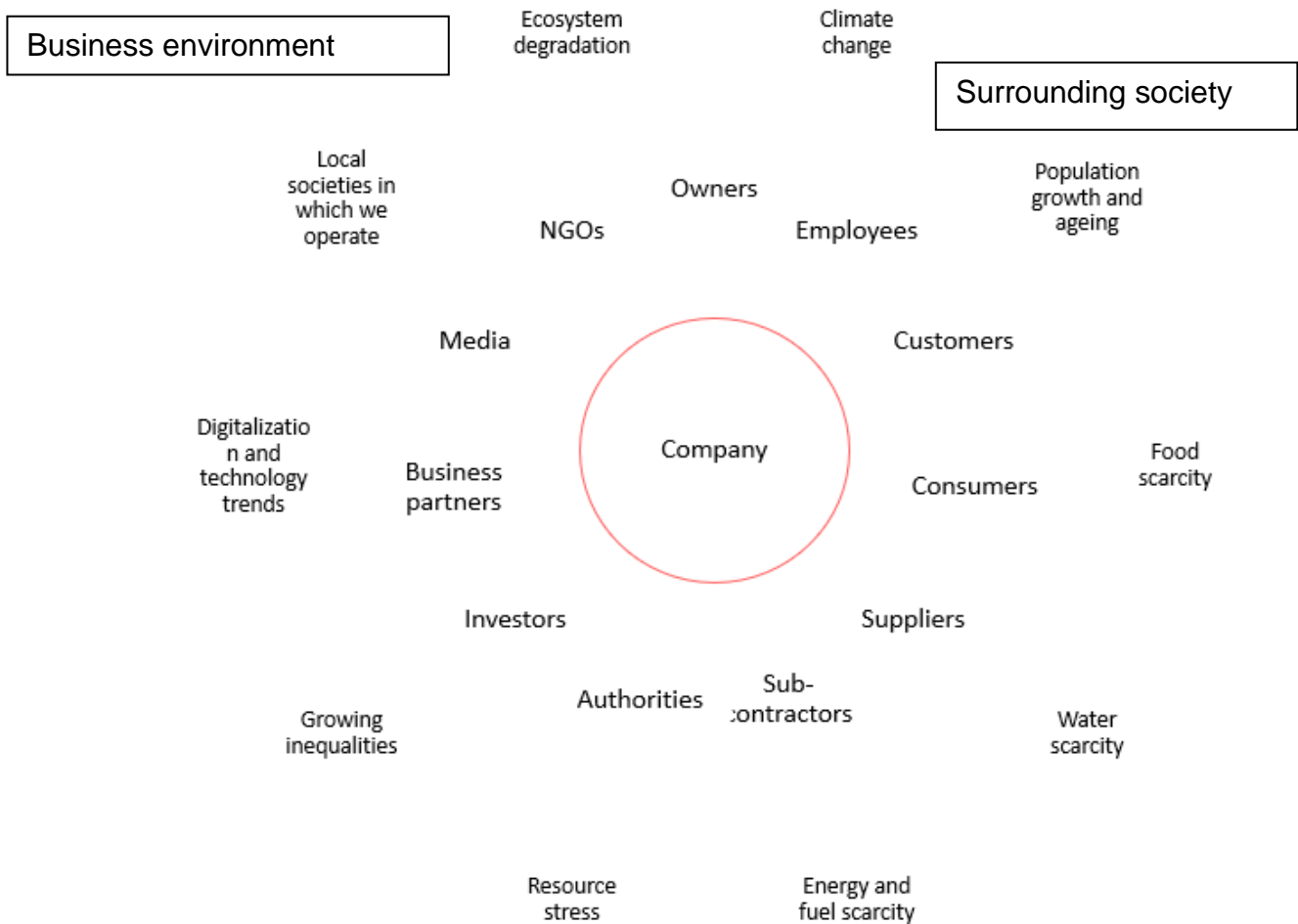


Figure 5. Business environment and surrounding society with the megatrends in the near future. Adopted from FIBS yritysvastuu nyt!, (2018)

Ehnert et al (2014a) show that business' attention soon should concentrate on long termism of performance, active engagement in renewal, regeneration and reproduction of organizations' resources to stay and prosper in business in the future. This is one of the main reasons for incorporating sustainability to the business' strategy. (Tabatabaei et al., 2017.)

CSR is seen as the social obligation to impact society (Jamali, et al., 2015). Sustainability initiatives are adopted in a business for a variety of reasons. Some companies see the opportunity to lift brand value and image, while others seek for cost efficiency and differentiation. Porter and Kramer (2006) say, that despite the motivation behind integrating sustainability to business strategy, it is very often failed and consequently the efforts for more sustainable business has not

been as productive as they could be. There is a big mismatch in sustainable business and sustainable development (Galpin & Whittington, 2012; Dyllick & Muff, 2015.). As the literature shows, the missing conceptualisation and defined and pedantic meaning of several slightly overlapping concepts around sustainability make failing in sustainable development and CSR very easy for companies. If the top-management does not have shared opinion on the terminology and content of the sustainability concepts they obviously can not convey an uniform message to the staff for implementing planned sustainability strategy (Dyllick & Muff, 2015.)

Carroll (1979, p. 499-504) developed a Social Performance Model for businesses in all sizes to understand the holistic character of CSR and develop social responsibility strategies. He divided CSR into four categories; economic, legal, ethical and discretionary responsibilities. To the discretionary category he lists all the voluntary activities, which are beyond the obligatory requirements due to legislation and stakeholder expectations. However, today this category is more understood to present CSR more and the obligatory ones are considered the minimum.

Porter and Kramer (2006) state that firms and society complement each other, and therefore active interaction and dialogue are required when CSR is initiated between the firm and the interest groups (Aguilera-Caracuel, et al., 2017). However, communication skills may hinder the interaction damaging the relationship and good intentions, when they are weak or undeveloped and culturally ignorant. Cultural awareness and good communication skills are essential when operating outside one's own cultural surroundings. Awan (2019) mentions increased cultural intelligence to lead to an improved inter-firm commitment to sustainability and resulting in improving social sustainability performance. In his studies, he discovered that when the behavioral cultural intelligence is high, the impact of relational governance on the commitment to sustainability can be achieved. Aguilera-Caracuel, et al. (2017) also confirms that the level of international diversification results in more effective communication, which then allows the company to capture the needs of the stakeholders better, and even to actively design of national and international regulations in the social and environmental arenas. Relational governance, according to Heide and John (1992) enforces obligations,

promises, and expectations through social processes that promote relational norms and rely on mutual adjustment and joint action (Awan, 2019). Aguilera-Caracuel, et al. (2017) and Awan (2019) suggest that without cultural understanding the needs of stakeholders when operating in a wider geographical sphere, will be misunderstood or completely ignored. This justifies the need of cultural awareness or cultural intelligence training when internationalization is the firm's strategy.

According to the FIBS' research on Finnish businesses, large corporations see sustainability as an opportunity whereas small and middle-size enterprises (SMEs) do not. Despite this SMEs benefit in building credibility and reputation when adopting sustainability in their business strategies (FIBS, 2018). For the multinational companies (MNCs) it is evidently beneficial to improve social responsibility in the area they operate. MNC may operate in various countries and regions and in all those have a unique profile in its activities. (Aguilera-Caracuel, et al., 2017).

CSR is an enormous possibility for companies. Employer well-being and compliance of human rights is among the core topics businesses of all sizes should consider for being successful in their business in the future. Businesses who do not act today on sustainability yet may face large scale profitability challenges soon. CSR is not an option, but paramount for a successful business. (FIBS, 2018.)

Consumers attitude for sustainable products is positive, and they are interested to pay more for sustainable products and services. Sustainable Brand Index (2019) is a brand study on sustainability among Finnish customers, and how they perceived within environmental and social responsibility. Their study indicates clearly that consumers are willing to pay more on sustainable products as is shown in table 4. It seems that Swedish are most willing to pay a price premium for a sustainable alternative (in the study: lunch in a restaurant). They were asked if they were willing to pay 10 % or 25 % more. Finnish were almost as willing as Swedish to pay more, but Norwegians instead were least interested to pay more

whether it was 10 % or 25 % addition to the price. (Sustainable Brand Index, 2019)





		10% more	25% more
SWEDEN		37%	24%
NORWAY		28%	17%
DENMARK		32%	23%
FINLAND		36%	25%

Table 4. Willingness to pay 10% or 25% more for a sustainable alternative meal in restaurant (Sustainable Brand Index, 2019)

3.3 History of CSR in Finland

Wellbeing of the society as a responsibility of companies has a long history in Finland. The industrialization landed to Finland rather late taking its first steps on 1820s. First mostly rural family-owned factory communities started to emerge and form Finnish forest industry. This industrial production was dependent on forests and water and numerous small mills and saws. Continuing the agrarian lifestyle was a strong option for moving to larger cities. The first employees were usually peasants moving with their families near the factory forming the first settlements and later villages and cities (Oikkonen & Quarshie 2019, p. 10.)

Factories, in fact, had to attract workers by offering benefits. For attracting workers, the factory community often voluntarily paid for the living arrangements and extended these benefits for the workers' family members (Alapuro 1994; Juholin 2004; Mikkilä et al. 2015; Tuuri 1999). Relationships between the owners and workers have been defined as patriarchal management with protecting "fatherly" care in close aspects of many levels of life of workers. Workers relied on the paternalistic arrangements on health care, schools, housing, libraries and even

public infrastructure such as roads. All paid entirely by the factories. (Olkkonen & Quarshie 2019, p. 11.)

Usually these patriarchal relationships were tight and close, and the owners of the factories knew their workers by name. Karonen (2004) claims that this led to personal favoritism for instance in the wages, where the personal relationships influenced in the salaries far beyond professional expectation. Moreover, the patriarchs gained political power when perceived as philanthropies when taking care of the well-being of the people and building the city. They indeed had many roles in the society; business owners, philanthropies, farmers or even sometimes politicians. (Olkkonen & Quarshie 2019, p. 13-15.)

People often lived in small apartments, worked long hours in dangerous working conditions. The wave of industrialization increased the number of workers rapidly, the working and living conditions became a topic for the corporate sustainability discussions. Organizing the labor unions and associations started to rise and flourish in Finland. (Olkkonen & Quarshie 2019, p. 13-15.)

Further steps in the industrialization from patriarchy towards the modern society were taken when paid managers were hired. Labor unions together with the paid managers had a significant part in the trajectory of the social welfare in Finland forming the current welfare characteristics with the three main components: employee unions, labor unions and the state. Many of the earlier responsibilities of employers were taken over by the municipalities and the state. After Finland got the independence in 1917, the country had control over the legislation and policies guiding national, social and economic practices. Finland was among the first nations granting women right to vote in 1906. (Olkkonen & Quarshie 2019, p. 15, 17.)

Industrialization and the further development due to it brought numerous positive advancements to Finnish and to Nordic societies which we can today see in the welfare society. CSR has developed in Finland much earlier than in 1970's or 1980's starting point for the global CSR debate. (Olkkonen & Quarshie 2018, p. 25-26.)

3.4 Private sector in Finland

There are approximately 364 514 enterprises in Finland, according to the Statistics Finland in 2017. Most of the Finnish private sector enterprises are usually categorized as small and middle-sized companies (SMEs) with the service sector as clearly the largest sector. Forest, chemical and metal industries remain most important manufacturing branches as measured by the value of production and proportion of industrial production. In 2018 industry was the most important sector for Finland's economy (21.3%), public administration, defense, education, human health and social work activities (20.2%), and wholesale and retail trade, transport, accommodation and food services (15.5%) (European Commission, 2018). EU's internal trade partners are Germany (15%), Sweden (10%) and the Netherlands (7%) and outside EU Russia (14%), the United States (7%) and China (6%) (European Commission, 2018). (Olkkonen & Quarshie, 2019, p. 47.)

One of the first sectors, which were expanding to the global markets was the forest industry in Finland. Today, it is usual to outsource operations to low-cost countries. Large Finnish companies operate usually globally and are exposed to variety of CSR issues in their home and host countries. (Olkkonen & Quarshie, 2019, p. 47-48.)

Nordic countries have continued their good success in global sustainability rankings (see Table 5) Sweden being clearly a leader in Country Sustainability Ranking and Global Sustainability Competitive Index. The Nordics clearly have the leading positions in this comparison of Country Sustainability Ranking 2019 (June), Global Sustainable Competitiveness Index 2017 and The SDG Index 2019.

	Country Sustainability Ranking 2019 (June)	Sustainability 2019	Global Competitiveness Index 2017	Sustainable In- 2019	The SDG Index
Denmark	4		5		1
Finland	5		4		3
Iceland	n/a		3		19
Norway	3		2		8
Sweden	1		1		2

Table 5. Ranking of the Nordic countries in sustainability-related indices (adapted and developed from Olkkonen & Quarshie, 2019, p. 78)

4 Social impact

CSR in general contributes to decent work conditions, improvements in services and products and it seeks development in the community, as well as advances in environmental management and social impact of a business is connected to various social segments: employment and unemployment, livelihood, wealth, education and training. (Aguilera-Caracuel, et al., 2017.)

Social impact as a concept can be understood in several ways. Making a social change in the community needs inevitably radical changes in the company strategy. Social impact initiatives, however, help a company to build credibility and reputation, secure access to resources and strengthen supply chains (World Business Council, 2019). Developing socially responsible activities benefits a company's reputation, improves trust, creates good company image and helps in achieving competitive advantage. All these sum up as a good brand image through differentiation. Interestingly, Levis (2006) states that one the greatest problems MSNs can face is loss of reputation. (Aguilera-Caracuel, et al., 2017.)

In addition to established safe working conditions, protection of minorities and preservation of nature, it is also important to be aware of the local stakeholders' demands to completely understand the attributes of the specific circumstances and territories and actively work with them. The community expects nothing less, than a positive social impact of the companies. (Aguilera-Caracuel, et al., 2017.)

Existing tools for transforming business towards more sustainable and socially responsible direction is not simple for several reasons. Changing the power balance of the counterparts very often matters the most. If there is not enough power for influencing the supply chain the change does not materialize. Similarly, cultural norms and expectations may dictate the level of concerns and for instance development of working conditions is not seen primary or even secondary goal for the company's strategy. The globalization and technological development have brought the supply chain partners far from each other resulting in a long supply chain. The costs related to the improvements needed for dealing with the social issues may significantly hinder the process of developing the supply chain more sustainable. (Awaysheh & Klassen, 2010.)

Networking, cooperation and business alliances beyond the usual firm boundaries makes the concept of social impact difficult to understand. Therefore, social issues in supply chain must compass suppliers, downstream distributors, customers, end-users, and in- house operations. Integrating social sustainability without leading by one's own example is useless, or at least difficult. (Klassen & Vereecke, 2012.)

4.1 Human rights

Human rights are considered as fundamental moral rights of the person that are necessary for a life with human dignity. The Universal Declaration of Human Rights (UDHR) is a non-binding declaration adopted by the United Nations General Assembly in 1948. The Article 1 claims, "All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood". Civil, political, cultural and economic rights and particularly covering the rights of women, children,

ethnic groups and religions were intended to act globally as a safety net. UDHR has been, however, criticized being too individualistic. (Benn & Bolton, 2011, p. 119.)

In Finland the Parliament is only now taking its first steps in developing legislation of CSR. This means that currently Finnish companies are not considered responsible on any kind of human right violations in their supply chain, and all their CSR projects have been completely voluntary. In principle, any unethical business has, until this legislation is implemented, been the responsibility of the customer. A customer, may not have access to necessary data in order to make sustainable consumption choices. It is obvious that consumers do care and would preferably buy ethical products if this information would be available. (Finnwatch, 2019.)

According to the Finnwatch, the most problematic industries can be found on the agriculture sector. Coffee, cacao and cotton production in India, Honduras, Ghana and Ivory Coast are most worrying, because it is rather common to use child labor in the farms. When the Finnwatch is reporting on human rights violations they usually witnessed poor work conditions, inadequate wages, restrictions to vocationally organize, child labor, human trafficking and child labor. Migrant workers in Asia are abused somewhat systematically and according to Finnwatch research it is common on the regular consumer goods. (Finnwatch, 2019.)

4.2 Business ethics

he biggest problem in ethical international business is that the human rights' issues and environmental issues are separated from the trade policy. Trade agreements are not necessarily guaranteeing socially responsible business especially if the local legislation does not change and there is no implementation. The high-risk countries can ratify international agreements, but they do not necessarily implement it and local legislation is not changed or developed. (Finnwatch, 2019.)

Ethics is concerned with the nature of morality or a society's norms, values and beliefs of what is right or wrong. Business ethics includes philosophies, principles, guidelines, and conditions as tools. Ethics is seen as a central factor for the globalization process including human rights and human responsibilities. A series of

codes has been adopted to shift transnational companies towards acceptable human rights. (Benn & Bolton, 2011.)

The evolving stakeholder map presented in figure 3 looks similar with the actors who give requirements on ethical and responsible business to the company. It seems that the company is in crossfire with the requirements of ethical actions, and it is not at all surprising that operating in the constantly changing and evolving business environment with that pressure it is more likely to make mistakes. These mistakes may materialize then as unethical actions. No manager or CEO wants deliberately harm others they only lack knowledge, resources and means. Ethical business principles must be imbedded through the daily management activities, decisions and choices to the business culture. Simple written ethical policies or instructions does not mean that business is ethical. (Ratsula, 2019.)

Bad choices are usually done by regular normal people, who cannot be categorized as bad or liars. Dubious practices in the business culture turn to normal and routine, and with the high pressure and stress nobody questions them. This is called as ethical blindness. (Ratsula, 2019.)

Ethical decisions may sometimes be challenging and in conflict. When such conflict occurs, only a minority of employees experiencing it will bring it up in the company. They usually stay quiet or leave the organization. (Ratsula, 2019.)

4.3 Trust

Lacy et al. (2009) and D'Amato and Roome (2009), Hind et al., (2009) conclude that trust in the leadership is essential in organizations achieving the sustainability goals. It is a key attribute in sustainable organizations. Along with the trust on leaders they are willing to follow. Trust in the leadership apparently was linked to attitudinal attributes, such as job satisfaction and organizational commitment and job performance. (Galpin & Whittington, 2012.)

Annual Edelman Trust Barometer 2019, which is a research done by a global communications firm shows, that trust for the employer ("My employer") will do what is right has increased significantly from the last year. Trust in the employer will engage employees in beneficial actions on their behalf, and such employees

will advocate the organization. They seem to be more engaged, loyal and committed than others. (Edelman trust barometer, 2019.)

5 Sustainable Human Resources Management

Operational risks linked to accounting and finances of the firm are usual business risks which come to our minds first. Risks linked to the product safety, employee welfare or compensation injustice are easier to be put on the neck of the local actors. However, often a firm is linked on several levels to multiple and diverse actors, and the connections can be more multifaceted and complex than simple and clear. Ignoring social issues in business can lead to severe losses, which are not easy to cover. Thanks to the Internet, we are well connected all the time with the world. On daily basis there are news of dangerous toys, pollution of nature or salaries on which is impossible to survive.

Sustainable HRM connects corporate sustainability to HRM practices and as Cleveland et al. (2015) state, sustainable HRM brings people and respect for humanity back to the HRM and widen the future HR perspective towards internal and external stakeholders influencing also in the leadership to develop towards more responsible direction (Järlström, et al., 2016).

Integrating CSR targets to the HRM policies and activities is not necessarily enough for transforming the company from “business as usual” to sustainable business. CSR should be integrated to HRM as a natural part of the company strategy and that is the way to “integrate the future into the present” (Ehnert, 2009). Traditionally HRM is seen as an internal tool for the management to follow the legislation, and best practices in employee management whereas in more modern management practices it is included in the toolbox for creating long-term business strategies. HRM in organizations covers usually several processes and series of policies: HR auditing, strategic planning, job analysis and job descriptions, recruitment process and selection, onboarding, evaluation, development, training and substitutes (Benn & Rusinko, 2013).

In the key concepts (table 2), sustainable HRM is understood in several ways as Socially responsible HRM, Green HRM, TBL HRM or Common Good HRM. In

this thesis sustainable HRM is corresponding socially responsible HRM. Ehnert et al. (2016) defined sustainable HRM as follows: "...the adaption of HRM strategies and practices that enables the achievement of financial, social and ecological goals, with an impact inside and outside of the organization and over a long-term time horizon while controlling for unintended side effects and negative feedback. "

Since the United Nation's World Commission on Environment and Development (WCED or "Brundtland Commission") published its report in 1978 the turn to sustainability and sustainable development has attracted interest in the field of business management. Recently the concept of sustainable HRM has also attracted scholars and researchers to better understand the connection of sustainable business and HRM (Ehnert & Wes, 2012). The topic of the sustainable HRM is not yet popular in the academic research, and thereafter the concepts are not in place. This causes difficulties to understand the concept of sustainable development and sustainable HRM.

According to the Ehnert (2009), the connection between HR and sustainability are not recognized, nor had respective interest among academic research. HRM is usually seen as an internal operative management component in firms. Skills of the HR personnel are usually acquired to ensure that all legal demands are well taken care of. Many of UN Sustainable Development Goals (UN SDGs) are linked with the expertise HR has. For example, SDG 3 good health and wellbeing, SDG 5 gender equality, SDG 8 decent work and economic growth and SDG 10 reducing inequalities (UN Global Compact, 2019).

Hirsig, Rogovsky and Elkin (2014) state that HRM is naturally merged with CSR, because organizational sustainability is about people, knowledge, skills and workforce. Also, Shoemaker, Nijhof and Jonker (2006), Jamali et al., (2015) and Järilström et al. (2016) stress that CSR and sustainability is often visible through the employee's actions and behaviours, and therefore the human and social capital are naturally bonded with the company's CSR strategy (Podgorodnichenko, et al., 2019). Ehnert (2009, p. 165) emphasize that the core of sustainable HRM is to contribute to organizational performance by effecting deployment of human

resources. Human resources should be developed and not consumed says Ehnert (2009).

Podgorodnichenko et al. (2019) state, that the CSR and HRM literature connect HRM as an important factor in the delivery of organization's CSR and sustainability strategy and commitments. This is introduced as a mean to change the organization internally more sustainable. Both Podgorodnichenko, et al. (2019) and Benn & Rusinko (2013) suggest fusing sustainability objectives to the business strategy in the HRM processes. Ehnert & Wes (2012) emphasize the importance of the "excessive and fundamental change" in the business strategies and business culture. They continue that sustainability in economic, environmental and social simultaneously with the people sustainability is not achievable. This view makes integrating CSR goals to HRM processes slightly more challenging.

The concept of the sustainable HRM is under-researched, and thus there is not enough understanding on the wider influences on connecting sustainable HRM practises with CSR endeavours of business. Lack of common understanding of the concepts result in inefficiency in promoting sustainable objectives in practice. It also creates confusion and difficulties to implement good will, which companies usually have for social improvements and development (Ehnert & Wes, 2012).

HRM can engage CSR and sustainability with various approaches and perspectives. Podgorodnichenko, et al., 2019 suggest that CSR objectives could be incorporated to HR activities and as so does Benn and Rusinko (2013) too. They present that the SHRM strategy could be formulated using CSR as a lense.

5.1 CSR incorporated in HRM practices

CSR can be incorporated in HRM processes for leveraging HRM's role to a strategic partner in CSR initiatives. See table 6.

	HRM practices	Performance appraisal	Reward and compensation	Training and development
CSR embedded in HRM practices	Recruitment and selection Hiring new recruits capable of contributing to CSR Screening new recruits with knowledge and awareness and appreciation for CSR Hiring new recruits capable of contributing to CSR and, for example, with previous experience in volunteering activities Include questions and case studies about CSR within the interview stages with candidates Include sections on CSR activities in employee handbook and orientation programs	Defining performance based not only on outcomes and results but also on social objectives Include service to community and participation and involvement and contribution to social initiatives as part of the performance appraisal and link it to rewards such as bonuses Follow up with employees on CSR and include CSR action plans and motivate employees to engage more in CSR during regular performance evaluation meetings Allow employees to contribute to formulating CSR performance indicators and involve them in CSR projects	Rewarding employees for behaviors consistent with CSR values to motivate them and emphasize the importance of CSR to the organization Preparing tangible and intangible rewards for employees' participation in CSR Preparing incentives that promote social goals Communicating such schemes with external stakeholders to enhance the company's reputation and market attractiveness	Training and raising employees' awareness to CSR, for example, sustainability practices such as green practices and recycling inside as well as outside the organization Holding regular seminars and workshops on CSR and linking some incentives and rewards to employees' participation in them Training programs and skills development could be for both lower and higher employee levels Invite NGO representatives to share experience with employees in relation to common CSR projects

Table 6. CSR incorporated in HRM processes (Jamali, et al., 2015)

Podgorodnichenko, et al. (2019) add that effective socialisation of employees to embrace the CSR strategy in the office and home is overall improving the CSR and sustainability communication internally and externally. They suggest to engage employees to strategic CSR activities, and as the HRM's role in companies is emerging, promoting of CSR and sustainability to the communities and stakeholder groups. (Podgorodnichenko, et al., 2019.)

Models by Benn and Rusinko (2013) enhance sustainability only to the internal HRM processes and completely neglect the external stakeholders and their needs. Greenwood (2007) suggests that active interaction with stakeholders will help the organization to transform more responsible. Stakeholders have several needs, which can be addressed through HRM processes for the owners, customers, society, organizational members, suppliers, unions and alliance partners. As an example are reliability, trustworthiness, collaborative

problemsolving, social responsibility and ethical management practices. (Järlström, et al., 2016)

HRM literature can be categorized into three groups based on the outcome. For sustainable HRM characteristic is the long-term and durable outcomes and this is what is commonly understood with sustainability in general. According to this view, there are researchers, who emphasize internal- or external outcomes or are examining connections such as “interrelationships between management practices”. This group includes HRM and organizational outcomes and environmental and social outcomes. Each group has features from another and are not presented clearly independent. (Kramar, 2014)

Sustainability has attracted attention on several levels in the society. The company is not isolated, but is actively connected with numerous stakeholders with several levels of the society (figure 1). Significance of HRM is in the practical approach and possibilities to influence to the sustainable development of the company. The connection between HRM and sustainability has been identified to follow two major lines. First the connection between the organization and its economic and social environments on the macrolevel. It is obvious that the natural, financial or social resources of the world are not enough to the current population of the world. Ehnert and Wes (2012) mention the ongoing debates on political and social sustainability, resource-intensive lifestyle of industrialized countries, and the resource contribution and the debate in corporate and HRM level. The latter debate mentioned especially having an impact on the HRM management and the business environment. What factors make businesses to turn to more sustainable? Crisis or resource shortages does not necessary push towards sustainable business, but in some cases, it can inspire to the transformation. (Ehnert & Wes, 2012).

5.2 The role of the HRM in sustainability reporting

The Global Reporting Initiative (GRI) is a non-profit organization promoting sustainability reporting in economic, environmental and social performance. They have included many HRM-specific guidelines in their standards as can be seen in table 7. (Jamali, et al., 2015)

GRI indicator	HRM dimension
Labor practices and decent work performance indicators	<ul style="list-style-type: none"> • Employment • Labor/management relations • Occupational health and safety • Training and education • Diversity and equal opportunity
Human rights performance indicators	<ul style="list-style-type: none"> • Investment and procurement practices • Nondiscrimination • Freedom of association and collective bargaining • Abolition of child labor • Prevention of forced and compulsory labor • Complaints and grievance practices • Security practices • Indigenous rights
Society performance indicators	<ul style="list-style-type: none"> • Community • Compliance
GRI, Global Reporting Initiative; HRM, human resource management.	

Table 7. Resemblance of GRI indicators and HRM processes (Jamali, et al., 2015, adapted from Global Reporting Initiative, 2011)

5.3 Integrating CSR and strategic HRM

Figure 6 is a suggestion by Jamali, et.al.(2015) how employees could engage with the CSR strategies of the company. They introduce several roles for the employees as a strategic partner, change agent, administrative agent and finally as an employee champion to reach the objectives in implementing the CSR to the company. They also integrating the key elements of the strategic CSR and strategic HRM for producing sustainability in the organization and its internal and external stakeholders. The model includes three phases: foundation of the strategy setting, CSR implementation and engaging in learning and improvement.

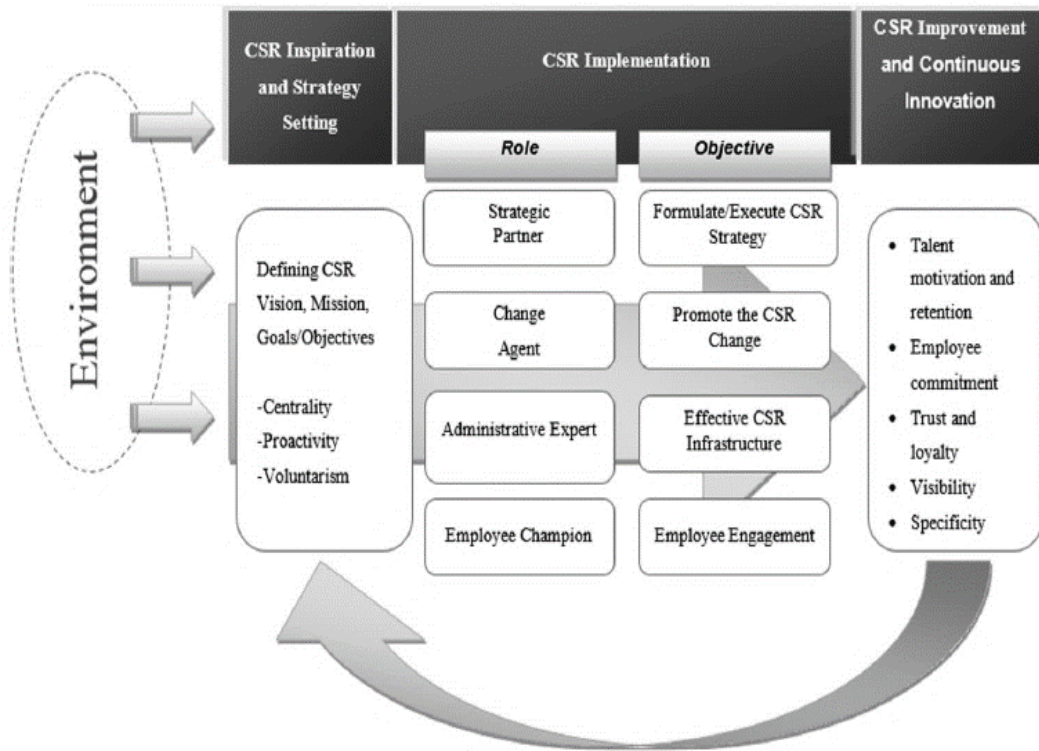


Figure 6. Model for implementing CSR-HRM to the company (Jamali, et al., 2015)

HRM's role is important in ensuring CSR's successful deployment and implementation especially when the CSR intentions are translated to actions (Jamali, et al., 2015). Mello (2011) and Mondy and Mondy (2012) suggest that HRM facilitates change the management support, managerial efficiency, learning and training in companies. These can potentially help in integrating the CSR within the company's culture. This view is increasingly supported by the lifted role of HRM from the traditional humanistic and social concerns in the company, but to add value to the business more broadly. (Jamali, et al., 2015.), which is illustrated in the figure 7 below.



Figure 7. Strategic HRM partnership model (adapted from Jamali, et al., 2015, originally from Ulrich, 1997: 24)

HRM possesses well-developed and necessary capabilities, which are imperative for CSR, for instance, employee engagement and organizational learning. Moreover, both HRM and CSR work toward responsible employment practices. Jamali, et al., 2015 developed an HRM-CSR model (figure 7) where the functions, which usually are compartmentalized are now supporting each other. The model (figure 7) creates success for the company through incorporating CSR to HRM functions, for example employee engagement and organizational learning. The company will gain competitive advantage through succeeding in CSR is engaged and creatively involved employees with new level of ethical sensitivity and awareness with increased trust and loyalty to the organization. (Jamali, et al., 2015.)

The role of HRM as a strategic partner is to ensure CSR priorities and their human resource implications are definitely part of the leadership decision making. HRM will develop strategies for CSR activities as part of the organization's mission, vision and strategy. This, however, would need good people management practices and developed understanding on the resources necessary for such leverage of CSR priorities. HRM could contribute in defining CSR vision and outline CSR goals to meet the criteria of voluntarism, and identify relevant stakeholders to which CSR strategy should be primarily tailored. Additionally HRM contributes in leveraging performance of the employees into CSR activities and facilitating the CSR change in the company. HRM could also take strong role

proactively anticipate of emerging economic, technological, social, or political trends in advance. (Jamali, et al., 2015.)

5.4 Reinvention of human principles

Social enterprise according to the Deloitte's annual research on Global Human Capital Trends 2019 -report is an organization, which incorporate revenue growth and profit making in their mission and combines these with the respect and support of a company's environment and stakeholder network. This high degree collaboration on all levels of the organization (both inside and outside the organization) and respect of environment include active listening, investing and managing the trends that are shaping today's world. The company is considered as a role model for its peers. (Deloitte, 2019.)

Reinventing the human focus back to the business happens by reinventing learning. The rise of the technological intervention to work environment clearly pressures businesses to renew. New technologies with the artificial intelligence (AI), robotics, cognitive technologies and automation present a completely new challenges and changes for the usual business models, leadership and HRM as well. Businesses clearly have a need to renew the workforce experience for improving the productivity in this fast pace development and with far more diverse workforce. The mission of a social enterprise combines profitable business with the respect and support of its environment and stakeholder network forces organization to stretch the vision of traditional business making and put human and humanity back to the focus. (Deloitte, 2019.)

Businesses do realize that social impact in the society, income inequality issues, diversity and the environment are keys to the future success. CSR functions very often are internal "do the right thing" developments of practices and it is not yet enough for managing a social enterprise. However, social enterprise, while generating profit and deliver a return to shareholders, has simultaneously improved workers, customers and communities. The look of the management must be directed outwards. (Deloitte, 2019.)

Worldwide corporations are suffering of disengagement of employees claims the Gallup's research in 2017. The Nordic countries do poorly. In Finland only 12 % of employees say they are engaged, involved in and enthusiastic about their work, and 12% are actively disengaging. Other Nordics do somewhat better with Sweden 14%, Denmark and Iceland with 16% and Norway leading with 17%. The poorest engagement is with Italy with 5%. (Gallup, Inc., 2017.)

Globally 85 % of employees around the world are not engaged or are actively disengaged from their work. Endless working hours, financial and mental stress push employees to look for new working opportunities with new employers, which is considered easier than within the current organization. Most common reason for resigning is inability to learn and grow. In the light of these statistics "employer experience" must change and expand for the "human experience" for the impact for the organization and to the society. Companies need to focus on income inequality, wages and to the role of the business in the society. (Deloitte, 2019.)

For addressing such low engagement of employees' companies need a cultural transformation for changing the attitude for how employees think about their work and how they interact with others. Positivity, future orientation and compassing the leadership and management changes for the incessant development will bring competitive advantage for the company. (Gallup, Inc., 2017.)

In the figure 8 it is illustrated how companies can address the transformation for managing the social enterprise with five measurable principles on business activities, which affect people and the organization.

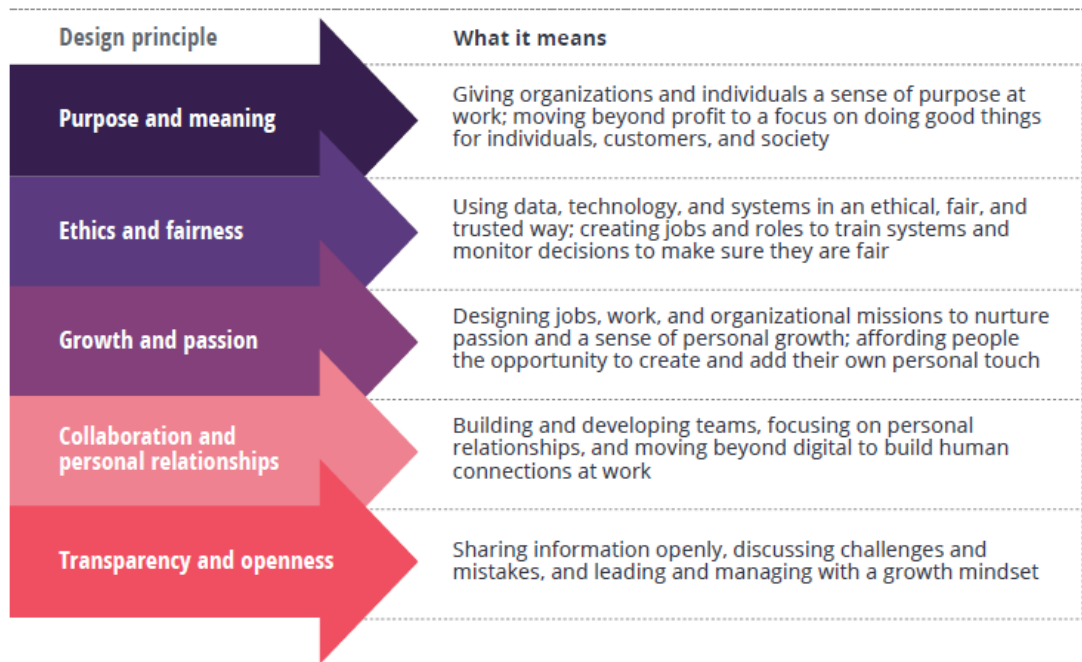


Figure 8. Deloitte Global Human Capital Trends survey, 2019: Human principles for the social enterprise: Benchmarks for reinvention

Traditionally leadership meant to command and control, delegate and resource acquisition, but in order to manage the massive change in the organization transformational leadership is necessary. Status quo is enhanced within the organization and its employees. Leadership influences on personal charisma, inspiration and vision more than with command and control. (Weichun , et al., 2005.)

Only during the recent decade business leaders have realized that nor natural, or human resources, are not a limitless supply. The focus on HRM decisions have been only on short-term and the balancing or renewal or reproduction for the future generations was not even considered. The economic crisis started in 2007 and since business has been more willing to search solutions also on sustainability, for instance, for the insufficient pension commitments. (Ehnert & Wes, 2012. Figure 9 describes how human resources can be developed through human capital investments and how it will benefit not only individuals or companies, but societies.

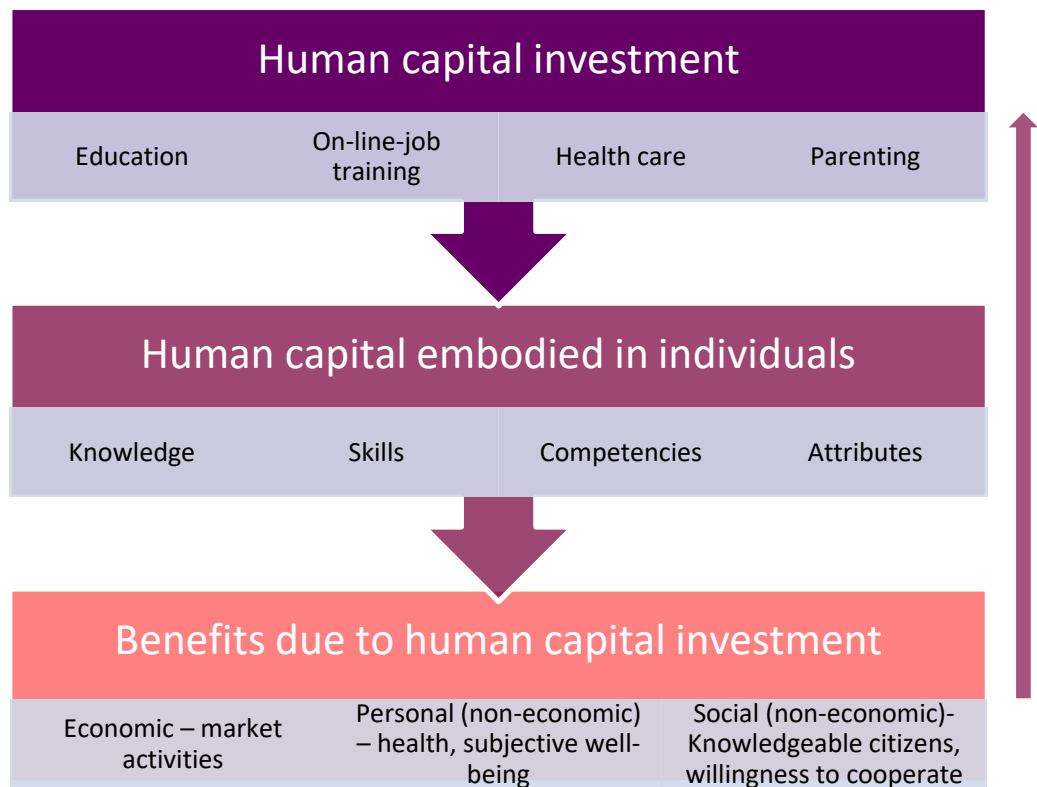


Figure 9. Human capital: a composition and benefits generated (adapted from UNECE, 2016)

6 Conducting the study in the case companies

6.1 Introduction of the companies

Three companies were chosen for the research, namely Oy Fazer Ab, S Group and Oy Ovako Group Ab. All these companies have a long history in Finland and each of them have influenced in the economy of Finland as employers and taxpayers. All these companies operate globally, and they represent industries, which usually are considered risky in terms of human rights violations and environmental carelessness; food industry, retail and metal industry.

Ovako is a pioneer in the circular economy. The business idea is per se promoting sustainability as the company is using 800,000 metric tons of steel scrap yearly for producing new products. Ovako is one of the largest steel scrap recyclers in

the Nordic region. Ovako is owned since 2018 by a Japanese Nippon Steel Corporation, which is one of the world-leading producers of steel ranking 3rd on the crude steel production by The Top Steel Makers 2018 statistics by World Steel (2018). Steel production has a long history in Finland and since 1935 in Imatra, Finland. (Ovako, 2019.)

S Group is a co-operative with roots in Vyborg in the 19th century. Today they have familiar brands for ABC-restaurants and Prisma supermarkets located all over Finland. S Group operates also internationally in the service sector in the hotel business. S Group and Oxfam has recently published a completely extraordinary report on Italian tomato farms with negative results, for instance, in working conditions on the farms (Helsingin Sanomat, 2019). Usually companies will keep low profile on such issues and that is why this news, published in Helsingin Sanomat on October 2019, raised eyebrows.

Fazer has been successful in building a visible Finnish brand, which is known globally. Fazer is a family-owned company, which have a place in every Finn's heart with Fazer chocolate, Fazer cafés and bakery products.

Table 8 is an overview of the basic information of S Group, Fazer and Ovako. Whereas S Group and Fazer are of Finnish origin, Ovako is at present owned by Japanese Nippon Steel Corporation.

Company	S-Group	Oy Fazer Ab	Ovako Group
Founded	on 1882, Vyborg, Finland	on 1891, Helsinki, Finland	on the 18th century, Hofors, Sweden
General information	S Group is a Finnish network of companies in the retail and service sectors with over 1,800 outlets in Finland.	Fazer offers quality bakery, confectionery, biscuit and grain products, plant-based meals, non-dairy products, on-the-go food & drinks. They also have food and café services.	Ovako is a leading European manufacturer of engineering steel for customers e.g. in the bearing, transportation and manufacturing industries.
Owners	Customers	Fazer family	Nippon Steel Corporation, Japan
Employees	40000 in three countries	15696 in eight countries	93500 globally, 600 in Imatra, Finland
Revenue	EUR 11.5 billion	EUR 1,6 billion	EUR 43 billion
Operational environment	Finland, Estonia, Russia, numerous suppliers	Finland, Sweden, Russia, Denmark, Norway, Estonia, Latvia, Lithuania, export to 40 countries	Production in Sweden, Finland, Italy, France and The Netherlands. Customers all over the world. Geographical presence in Europe, North America and Asia.

Table 8. Basic information on the three companies in the research. (Ovako, 2019; S Group, 2019; Fazer,2019)

6.2 Scope of the study

The study has been conducted in November and December 2019. Selection of the sample companies is based purely on personal interest raised on the experiences on the companies as a customer and personal views inspired by the media and news. The reputation, for instance, Fazer and S Group have gained through their high ranking on the sustainable brand image surveys have raised immense interest in their real-life activities and the impact of their sustainable business.

Sustainability has become a trend for businesses some of them use it in building the brand and good image for the company in marketing. However, people are vigilant and news on greenwashing or sustainability washing spread fast in social media. This dubious reputation will then deface the brand image and the business. This makes sustainability a sensitive matter to companies.

In the study, the activities of these three companies for making a social impact in the communities they interact in their international business where they produce their products, use workforce and affect people's lives and the society in multiple ways, was studied using a large variety of data collected from multiple sources.

6.3 Research methods

For this thesis social impact of three companies were evaluated. A qualitative research method is used, when the meaning attached to the social connections between people is researched, which will help to understand people from their own frames of reference, and how they are experiencing reality (Taylor, et al., 2015). A case study as a research method allows to retain the holistic and meaningful insights of for instance individual life cycles, small group behaviour, organizational and managerial processes to mention a few (Yin, 2009). The objective of the study was to investigate the processes through questions in the theoretical framework; what, how and what for, and that is behind choosing the case study method for the research.

A case study can be categorized as an empirical inquiry when the phenomenon is investigated in depth within real-life context and particularly when the boundaries between the phenomenon and context are not clear (Yin, 2009). It is valuable for the research to understand the value of what is missing from the data that it is just as important as what is there (Taylor, et al., 2015).

6.4 Data collection

Evidence for the study can come from several sources such as archival records, interviews, direct observation, participant-observation, and physical artifacts to mention a few. The objective of a high-quality case study is to collect evidence on actual events and behaviour using multiple sources of evidence, a case study database, and a chain of evidence. (Yin, 2009.)

The data was collected using secondary sources, since the questionnaire sent to the tree company's representatives remained unanswered. For verifying the data in the web site, a search on the reports of the critical organizations was conducted. Such organization is for instance Finnwatch, which is a Finnish NGO, and promotes ecologically, socially and economically responsible businesses influencing business, economic regulation and social debate. Development and consumer organizations, trade unions and environmental organizations are supporting Finnwatch (Finnwatch, 2019). The data verification was done using also several reports from various sources on researches on the sustainability of Finnish business, environmental aspects, steel production facts and for instance global sustainability index from organizations like FIBS, WWF, UN and World Steel. Various books, articles, blogs, podcasts, interviews, sustainability reports and annual reports were analysed. Findings were sorted using the research questions parallelly with the theoretic framework.

6.5 Data analysis

The goal for a qualitative research is to question old patterns and suggest new ways for understanding the phenomenon. One of the goals is also to inspire discussions around the topic and to raise interest. Time, place and circumstances are relevant in the qualitative research. (Vilkka, 2015.)

Analysis of the companies was done first in deciding the main topics, and then collecting under each topic the relevant information for later evaluation. This way the enormous amount of data and sources could be organized and analysis produced.

7 Situation in the case companies

All three companies are working for social impact in their international business environment. Fazer is educating Nigerian cocoa farmers for improving the crop on the use of pesticides, fertilisers and integrated plant protection. S Group raises issues on the Italian tomato farms in cooperation with Oxfam, which is an NGO operating globally for fighting inequality to beat poverty (Oxfam, 2019). Ovako is currently owned by Nippon Steel Corporation and practices sustainability through the values of the Nippon Steel Corporation.

7.1 Fazer

Fazer has sustainability, wellbeing and meaningfulness mentioned in their company strategy. They emphasise the change they are striving in the world with food as a solution. In fact, they have several initiatives to combat the climate change: 50 % less emissions, 50 % less food waste, 100 % sustainably sourced and more plant-based food. The current process on the brand renewal is following the company strategy, mission and vision. (Fazer, 2019.)

The company has done meritoriously in the past years in the survey ranking among the top four with two of their brands: Fazer and Fazerin Sininen. Today, they are in the middle of the process of renewing the brand. (Brändien arvostus, 2019; Fazer, 2019)

Fazer claims that the cocoa they purchase is 100 % sustainable and 1/3 of the cocoa is produced in Ecuador and 2/3 from Nigeria and the Ivory Coast. The company has supported cocoa communities in the Ivory Coast through World Cocoa Foundation (WCF) ECHO programme since 2007. They say that their criteria for the responsible cocoa are based on people, profit, planet and traceability. (Fazer, 2019.)

Fazer has implemented Farmer's Grower program in Nigerian cocoa farms. In this program the objective is to enhance the livelihood for the farmers and restore farming as a profession. In the program farmers learn how to be more efficient in farming, how to increase the crops and quality of the cocoa beans. They received information on the use of pesticides, fertilisers and integrated plant protection in a more sustainable way. The training provided information on how to protect the cocoa trees from diseases. The increased cocoa crops have enabled the farmers to replace old trees with new seedlings, buy new land and send children to school without the need of borrowing money for it. (Fazer, 2019.)

Nigeria is, however, one of the most corrupted countries in Africa and more than 60 % of residents live in poverty. The country is well known of its political and economic chaos. Nigeria is wealthy with its natural resources, but this wealth does not reach the average people due to the corruption. (Globalis, 2020.)

The Farmer's Grower program has 4500 farmers, out of which there is 200 female farmers, on 53 cocoa farming communities. It reaches 82 farmer groups. The program operates in seven Local Government Areas in the Cross River State, located in south-eastern Nigeria. Farming is the region's main livelihood, and in addition to cocoa, farmers grow crops such as cassava, rice and bananas. (Fazer, 2019.)

Fazer is using UTZ, Rainforest Alliance and Fairtrade Cocoa Program for certification of the cocoa they use. According to the analyse, they do not use any of these certifications for the marketing on the chocolate wrap because they do not want to raise one certificate above others. (Fazer, 2019.)

Fazer shares this information on the Farmer's Grower program through three successful cases. However, the company is not transparent on the criteria nor on the actual training program and monitoring the impact. The role of the company in the program remains unclear. Fazer shares only limited facts on the program. As Finnwatch argues, Fazer seems to decide the standards for sustainable cocoa production and the farming programme. (Finnwatch, Anu Kultalahti, 2019.)

Fazer has a Corporate Responsibility Policy, Environmental Policy, management practises and operating principles guiding the daily work at the Fazer. They claim

to follow the ethical principles based on the ten principles by the UN Global Compact. The corporate responsibility board monitor that the responsibility activities are embedded to business processes. They follow Global Reporting Initiative (GRI) principles in their sustainability reporting. (Fazer, 2019.)

Human rights are one of many and the main issues UN Global Compact concentrates to be improved globally. Fazer also acknowledges global human rights and the responsibility the company has through its procedures, products and services. They accept responsibility related to their business relationships as well in their Human Rights Declaration. The company has implemented a whistle-blower helpline for reporting issues on bribes or improper gifts, competition law infringements, data protection law infringements or other serious violations on legislation or ethical principles of the Fazer Group. However, it is not clear if the whistle-blower system is meant also for the external stakeholders or only for the personnel of the Fazer Group. (Fazer, 2019.)

Fazer Group applies the national legislation on the operational environment and the minimum standards exceeding them, when necessary (Fazer, 2019). However, the minimum requirement is the border for sustainability and all above the minimum can be considered as sustainable (Dyllick & Muff, 2015.)

The ethical principles of the Fazer Group targets providing modern and safe work conditions, take care of the health and wellbeing at work and equal treatment of all. These principles are based on the joint values of the company and UN Global Compact principles. Ethical principles guide Fazer Group for fair and equal treatment of customers, stakeholders and colleagues at Fazer Group. (Fazer, 2019.)

Fazer manages CSR with stakeholders with meetings, contracting, supplier requirements and assessments, partnerships, research and continuous collaboration with the purchasing managers and suppliers. (Fazer, 2019.)

With the non-governmental organizations (NGOs) and communities they collaborate with partnerships, joint projects, initiatives, web sites, social media presence, inquiries and the CSR Review. This list of activities Fazer does not elaborate more for wider information on the activities with NGOs etc. (Fazer, 2019.)

Fazer mentions sustainable sourcing as one of their values, as a company with wide range of products results large number of ingredients, which they must purchase abroad, and which are not available in Finland. They must use controversial ingredients such as palm oil and cocoa, which are usually purchased on the countries of low income, poverty and child labor. (Fazer, 2019.)

Fazer ensures, that cocoa they use is 100 % sustainable and is purchased as certified cocoa (86 %) and from sustainable cooperation farms (14 %) (Fazer, 2019). Palm oil Fazer uses is RSPO certified, which is recommended by the WWF and it notices environmental but also the employees in the farm. (WWF, RSPO sertifioitu palmuöljy ei ole tuhonnut metsää, 2019)

CSR is integrated to the operations at Fazer. Sustainability is mentioned as one of many areas for the communication director of Fazer. However, the company has dedicated personnel for the sustainability, but they are not members of the executive group or board of directors. This same issue on excluding the sustainability experts from the direct decision making was reported in the FIBS (2018) reported on their survey. Even if the sustainability is the mainline in the brand renewal, strategy and the values of the company, the sustainability expert is not included.

Throughout the sustainability material Fazer mentions “audits conducted by a third party” without mentioning the name of the auditor. They obviously use external auditors and auditors in connection to the certifications.

Fazer has a sustainability team, sustainability network and sustainability leadership forum in their structure for the sustainability work. Responsibility on sustainability work is clearly embedded throughout the normal management, which indicates that sustainability is not considered as independent function in the organization. Sustainability issues are addressed as a part of the Group’s and business areas’ strategy processes. Members of the sustainability team are the sustainability director and specialists responsible on planning and developing sustainability in practice. Sustainability Leadership Forum consists of senior management with a role to monitor and ensure that sustainability viewpoints are considered in the business processes. (Fazer, 2019.)

Sustainability work is one responsibility of the communication director and the HR is not mentioned in Fazer's structure for the sustainability work. It seems that Fazer falls to the category of companies identified in the FIBS (2018) study on sustainability in Finland, where sustainability professionals are invited to board of executives' meetings when necessary, but do not have a seat there. Yet, this does not mean that sustainability issues are not discussed in the board.

Fazer was ranked as the fifth reputable company in Finland on 2019 on the yearly survey of T-Media on eight components determine the reputation of companies by exploring the perception of the companies. The eight areas are responsibility, governance, management, finance, innovation, interaction, products and services, and employer image (T-Media: Reputation & Trust study 2019). Fazer has been able to build their reputation as a sustainable brand ranking on the 3rd place on the Sustainable Brand Index on 2019 (Sustainable Brand Index, 2019). When a brand has such a credibility and trust from the public, as can be seen in the Sustainable Brand Index (2019), it brings enormous responsibilities for the firm and not only fame. The transparency of Fazer was criticized by Finnwatch (Finnwatch, 2017). With rigorous information on sustainability and the impact would further strengthen the trust of consumer for the Fazer brand.

7.2 Oy Ovako Group Ab

The vision, mission and values do not directly mention sustainability and are more targeted to wellbeing of Ovako's strategy, vision and core values concentrate to wellbeing of employees and financial success. Direct social responsibilities or activities are not mentioned, however, Ovako claims that it is usually one of the largest employers in the area, and sees that as one factor for being important for the local community. They use local companies as subcontractors, and suppliers for various products and services they need, such as maintenance as one example. (Ovako, 2019.)

Ovako claims that they work closely with various stakeholders in the international business environment for ensuring continuous flow of competent employees. They engage with local education institutions and education providers and even have a dedicated program at the Rinman Education (Technology College in

Sweden) for the competences needed at Ovako. Future availability of competent workforce is one of their primary focus areas in local engagement projects. Moreover, they see a vibrant community as a natural on their existence in the area and beneficial for their activities and that is why they are involved with local sports clubs and business networks. Ovako cooperates tightly with the municipalities and public authorities concerning infrastructure matters. (Ovako, 2019)

Company includes a Supplier Code of Conduct in all procurement agreements before December 2020. It will give guidance and bind suppliers to have a certain level on legal compliance, business ethics, anti-corruption, working conditions, human rights, health and safety, and the environment. The supplier does a self-assessment on sustainability and is followed by Ovako's evaluation. Support system for supplier monitoring is under evaluation and not operative yet. (Ovako, 2019.)

Ovako commits to respect human rights and with the Supplier Code of Conduct they set standards on equal treatment, discrimination and harassment, market-based salaries and good working conditions. The Supplier Code of Conduct includes a clause for ensuring that forced labour or child labour does not occur. (Ovako sustainability report, 2019.)

Preventing corruption, the company has conducted a special training for the personnel who are at risk of encountering corruption. A learning module on corruption and competition law is developed for all employees in connection with Ovako's Code of Conduct. Ovako develops high quality products together with customers. (Ovako sustainability report, 2019.)

SDGs are said to closely link to company's values, and they mention goals they contribute. Respective SDGs are good health and well-being, quality education, gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry innovation and infrastructure, responsible consumption and production and climate action. (UN Global Compact, 2019.)

7.3 S Group

S Group is promoting the following SDGs: decent work and economic growth, industry innovation and infrastructure, sustainable cities and communities and partnerships for the goals. They claim that they have ethical principles of SOK Corporation, but they do not bind cooperatives to follow them allowing them to have principles of their own. (S Group, 2019.)

Human rights impact is continuously assessed and the implementation of human rights in the supply chain is monitored. S Group reports to use certified high-risk raw materials. They audit the suppliers in the high-risk countries. For the human rights assessment S Group uses various types of reports, a dialogue with the stakeholders, NGOs and trade unions. They monitor work conditions in the factories. However, the means to combat violations of human rights are not yet in place. (S Group annual report, 2018.)

S Group recognizes their indirect impact on the human rights in the supply chain. They categorize human rights risks as direct and indirect. Direct risks are connected to their employees and indirect risks to the supply chain (S Group annual report, 2018). See the evolving stakeholder map figure 3. The data have no indication if the direct and indirect human right risks have different protocols or how the risks are tackled by the company.

As the biggest risks on sustainable business for the S Group they mention the high-risk countries, which have not ratified the international conventions on labor and human rights and with weak laws. The company has identified that use of numerous migrant workers may cause human rights violations and lists this as one of their “significant human rights risks”. Irresponsible procurement methods of the suppliers and use of large number of low-skilled labor in raw material production is a significant risk for the S Group as well. (S Group annual report, 2018.)

S Group boldly is contributing on the change of sustainable business in their industry by self-initiating third-party human rights focused impact assessment (HRIA) of SOK corporation’s Italian processed tomato supply chains with Oxfam.

This pilot for the company's new approach to assessing actual and potential human rights impacts that goes beyond current auditing mechanisms. The purpose of the assessment was to understand the root causes of the human rights violations and promote transparency on the supply chain. The supply chain of Italian processed tomato producers was assessed in line with the UN Guiding Principle of Business and Human Rights (UNGPs). (Gorewith, 2019)

Oxfam is a world-wide global organization working in more than 90 countries with its counterparts in partnership of local groups and civil society organizations to fight the injustice of poverty, save and protect lives in emergencies and help people rebuild their livelihoods. (Oxfam, 2018.)

The HRIA brought light on the actual and potential human rights impacts at the production stage, identify the root causes and have clear priorities how to mitigate and/or remediate identified impacts. This assessment pilot is a part of the S Groups new approach addressing the human rights risks. (Gorewith, 2019.). SOK Group informs that they sell certified coffee (87%), tea (82%) and cocoa (98%) on their own brands. Palm oil certification was also high (99% and RSPO segregated certification 89%).

8 Summary

All three companies in this study are familiar with the SDGs and are, according to the study, screening their activities through them. FIBS' (2018) research, however, revealed that less than half of the Finnish big companies (turnover more than 400 M€) do so. Reliable evidence based on this research was not found on how exactly these companies benefit from the SDGs. Mentioning SDGs is not explaining how this tool is utilized.

Fazer

Fazer is developing Nigerian cocoa production with the education program but does not clarify their activities broader in the communities.

According to the analysis of the Fazer's sustainability data it seems that the company has done remarkable work for improving the standards of living for the Nigerian cocoa farmers with their Farmer's grower program. Fazer is educating Nigerian cocoa farmers on developing cocoa farms in Nigeria for the better crop. They have developed and tightened cooperation with the farmers by, for instance, educating, supervising and monitoring since 2014. For the social impact, as referred in the theory, the company should actively improve the community. Such activities can be related to the health, education, livelihood or even infrastructure.

Fazer has published on their web site, that they follow UN SDGs and the principles. However, the analysis on the data does not clarify exact steps how they follow SDGs especially in the cocoa farms in Nigeria, Ecuador or the Ivory Coast. The material analyzed does imply what Fazer has done for improving the working conditions or what actions have been taken for supporting local schools if any. Data does not confirm that Fazer actively works for clean water or sanitation. Hence, the analysis of the data refers, that Fazer's work is not aligned with SDGs 2-7 (zero hunger, good health and well-being, quality education, gender equality, clean water and sanitation, affordable and clean energy) in its international business environment. Despite of this, Fazer's work done is valuable, necessary and important and it is on the right path for being more sustainable in the future.

Fazer (2019) states that the criteria for the responsible cocoa are based on people, profit, planet and traceability very similar what Awaysheh and Klassen (2010) introduced with the Elkington's triple-bottom-line theory added with the traceability factor. However, the idea on the triple-bottom-line, in addition to the environmental and financial performance, is social performance and it is related to the well-being, workplace safety and social community development (Awaysheh & Klassen, 2010). Fazer's reference to the triple-bottom-line theory is somewhat lax, since the data did not indicate any activities in improving broader development of social community development clearly.

Clearly HR is not incorporated in the sustainability work in Fazer since it is mentioned to be on the responsibility of communication director. It is obvious that even if HR is not mentioned in the organization chart, it may participate in decision making on certain level. It seems that Fazer falls to the category of companies

identified in the FIBS (2018) study on sustainability in Finland, where sustainability professionals are invited to board of executives' meetings when necessary, but do not have a seat there. However, this does not mean that sustainability issues are not discussed or considered from all possible perspectives in the board.

As a conclusion, Fazer has an indirect social impact the communities through the Nigerian cocoa farms. However, the goal is not solely in the social impact per se but long-term benefits through larger cocoa crop and preserve the future of the cocoa farming. Larger and of higher quality crop results better income to the farmer and shift in their standard of living.

S Group

Sustainability of S Group is not reported from the global point of view, but more as an internal and targeted to employees in Finland and customers. This is perhaps because S Group is only now building the web site with a sustainability section or then their goal is to be visible with their sustainability activities only in Finland. S Group is actively building sustainability identity with several projects. It is confusing that the sustainability information is scattered on the S Group web site, but delightful is that the site is constantly updated with new information.

HR decisions for the sustainability development within S Group remain unclear.

Ovako

Ovako in principle operates in circular economy business. They report social impact in general manners, but at the same time it seems to be reliable and trustworthy. They say, as mentioned earlier, that they want to be involved with the community for example supporting local sports clubs. They also mentioned the willingness to develop road building and this benefits the community but also the factory.

Companies with international operations would benefit if their internal HRM would be included in strategic sustainability as (Ehnert and Wes (2012) suggested. Adapting internal HRM practices to an external organization may be difficult and unnecessary, but to integrate HRM in the decision making on strategic level

decisions concerning procurement, pricing, cultural awareness, well-being of staff and decent working conditions would further build organization more sustainable.

All three companies say in their web sites that they are familiar with the SDGs, and are at least screening their activities through them. FIBS (2018) research, however, revealed that less than half of the Finnish big companies (turnover more than 400 M €) do so.

9 Conclusion

In this thesis social impact of Fazer, S Group and Ovako was examined. The main aim in the research, as mentioned in the chapter 2, was to discover if they contribute to the wider global economy with their sustainability activities, how they are building their sustainability, do they use UN SDGs or connect HRM to the sustainability process and finally screening the social impact these companies make in the international business environment.

Each of the sample companies have chosen different approaches to the sustainable business. Two of the companies operate on B-to-C business whereas one on B-to-B business. All the companies are in a different stage on their sustainability programmes. Fazer is developing cocoa farming and building sustainable cocoa production. S Group is taking initiatives to transparently scrutinize the sustainability of its suppliers for the numerous products they purchase. Ovako's business, instead, is based on the circular economy with the recycling of metal scrap.

Social impact can be recognized in their activities and there are references in their current activities that these companies are developing further being even more knowledgeable and professional in sustainability and sustainable business in the future. Companies seem to take sustainability seriously; they are aware of the UN SDGs and work according to those principles. HRM is not connected to CSR functions or it is not communicated openly. Sustainable business is definitely work on progress for these companies in this research and their accomplishments indicates that they are developing on their sustainability in the future.

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